



OFFICE OF THE COMMISSIONER

STATE OF MINNESOTA

DEPARTMENT OF COMMERCE

133 EAST 7th STREET
ST. PAUL, MN 55101
612/296-4026
FAX: 612/296-4328

BULLETIN 91-7A

Issued this 11th day
of December, 1991

TO: ALL COMPANIES WRITING CROP HAIL INSURANCE IN MINNESOTA.

There have been some questions about Bulletin 91-7, issued on November 8, 1991 regarding filing requirements.

As to these requirements, cash discounts must be filed prior to writing crop hail insurance for the 1992 and subsequent seasons. The discount may be as high as six (6) percent if the premiums are paid in full on or before July 1st of the crop year, unless a company can actuarially justify a higher discount. The only situation in which an agent can write 1992 crop coverage with 1991 rates is if the 1991 rates already limit the cash discount to six (6) percent or the company files actuarial justification of a higher discount prior to writing 1992 coverages.

The statement in bulletin 91-7, "If you fail to meet these deadlines, you will be required to write crop hail for the 1992 season with the 1991 filed rates", was designed as a penalty for failure to file, but it has been brought to our attention that, if taken out of context, it could be seen as allowing an unfair advantage by someone so inclined, who would use 1991 rates which have an unlimited cash discount.

If 1991 rates or 1992 rates are used, a cash discount cannot be given until a cash discount is filed with this department which complies with the limitations found in Bulletin 91-7 and this bulletin. If 1991 rates have already been used to write 1992 business, they will have to be re-written to comply with Bulletin 91-7 and this bulletin. Any violations of these filing requirements will be referred to the Enforcement Section for action to be taken under M.S. 70A.21.

Questions regarding these bulletins should be referred to Mr. William R. Kyle, Supervisor of Property/Casualty Analysts, 612-296-2656.


BERT J. MOKASI, Commissioner



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BULLETIN 91-7

Issued this 8th day
of November, 1991

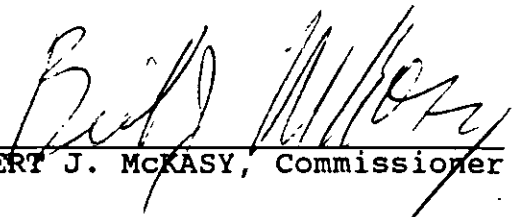
TO: ALL COMPANIES WRITING CROP HAIL INSURANCE IN MINNESOTA.

For the past few years insurers have not been required to file cash discounts with crop hail rate filings. Effective with the 1992 crop hail rate filings, cash discounts, since they are part of the rate, must be included with your rate filing. The cash discount may be as high as six (6) percent if the premiums are paid in full on or before July 1st of the crop year, unless a company can actuarially justify a higher discount.

The 1992 filings must contain data to justify rates, including the cash discount. The data shall include loss experience, an expense breakdown and a return on investment analysis for each of the past five years. Also, the percentage of insureds who qualified for a cash discount in 1991 must be included.

As a reminder, Minnesota Statute 70A.06, Subd. 5 requires that the rates must be filed thirty (30) days prior to their effective date, and Minnesota Statute 60A.32 requires that the rate filing must be filed prior to April 1st of each year. If you fail to meet these deadlines, you will be required to write crop hail for the 1992 season with the 1991 filed rates.

Questions regarding this bulletin should be directed to William R. Kyle, Supervisor of Property/Casualty Analysts, 612-296-2656.


BERT J. MCKASY, Commissioner